

Green Energy Fund Proposed Draft Regulations

Summary of Updates

The Green Energy Fund regulations are currently under revision to adhere to requirements in the Delaware Energy Act and to further streamline the Green Energy Fund programs. The current proposed draft regulations include changes to the programs which seek to make the administration of the programs more efficient and improve the sustainability of the Green Energy Fund Programs.

Benefits of proposed draft regulations include:

- Improved clarity of program requirements
- Greater flexibility for program administration and adaptation to changes in the industry
- Streamlined programs which provide faster application reviews

Major Updates in Proposed Draft Regulations by Section:

Section 3: Definitions

Several definitions have been added or revised in the proposed draft regulations:

Community-owned energy generating facility or Community system

Eligible community systems may choose to apply for grant funds. It is necessary to have a definition to differentiate these installations from other installations. The difference will impact how grant amounts are calculated. This exact definition is the same as found in Senate Bill (SB) 267 - Delaware Net Metering Legislation – enacted by the 145th General Assembly.

Power Purchase Agreements

Power Purchase Agreements are a way to reduce the upfront cost of renewable energy systems. This type of financial agreement is very common nationally and may become a popular financing structure in Delaware. The current regulations do not address power purchase agreements so it is necessary to have a definition to differentiate these installations from other installations.

The Delaware Green Energy Fund Legislation under SB 266 of 145 General Assembly made power purchase agreements eligible for Green Energy grant funds. The legislation did not provide a definition. The following guidance from the United States Environmental Protection Agency (EPA) provided a basic definition for this financial arrangement. The following is the link to the EPA source document:

http://www.epa.gov/greenpower/documents/events/webinar_intro_07_28.pdf

Self-Installer

Self-installations are becoming more common in Delaware as way to reduce installation costs. The current regulations do not address self-installations. It is necessary to have a definition to differentiate these installations from other installations. The State of California definition of a self-installer is used for these regulations. The following is the link to the

California source document:

http://www.gosolarcalifornia.ca.gov/documents/CSIThermal_SingleFamily_Handbook.pdf

Revised the existing Non-Residential Definition

This revision defines a community system as a non-residential system. Community systems can include multiple residential and non-residential customers sharing the output of a generator. This revision will disallow multiple incentives for the same project. Multiple incentives are not necessary because the collective purchasing power of a larger system will reduce the cost to each community participant.

Revised the existing Participating Contractor Definition

This revision requires that participating contractors have a trained licensed professional on staff or subcontract to a trained licensed professional. This revision is necessary because the Delaware renewable energy contractor market has changed considerably. Originally, installation contractors were predominantly licensed professionals like electricians, HVAC technicians, and plumbers. These professionals were the ones that received the renewable energy training. In recent years, contractors have become more sales oriented and frequently subcontract the installation work to licensed professionals. It is difficult to assess the quality of subcontractor training. This definition standardizes who must be trained for a company to be a participating contractor in the Green Energy Program.

Added the definition for Performance Test Condition (PTC)

The purpose of this definition is to be a placeholder. More states are using Performance Test Conditions (PTC) vs. Standard Test Conditions (STC) as a way to interpret the size of a photovoltaic system. In the future, DNREC may wish to use PTC over STC for calculating grants. Having a definition in place will add greater flexibility in establishing future incentive levels.

Section 4: Green Energy Endowment Program

- Clarified grant application processing requirements by adding language in section 4.3. Application submission and processing requirements are detailed in Section 4.3, these changes were needed to clarify current application submission requirements and to improve functioning and administration of the Green Energy Fund. These changes will provide applicants and contractors with faster grant approvals. Additionally, the proposed draft regulations are intended to further streamline the program and introduce greater flexibility to the program.
- The Residential and Non-Residential Grant Approval period will be 6 months for both sectors.
- Applicants must provide annual production data to the Green Energy Program Team for three years.
- Solar shade analysis requirements are clarified and the required solar access percentage has been increased from 70% to 80% to match the PA Sunshine Program. This change will provide more regional program consistency. The following is a link to the source document: <http://www.elibrary.dep.state.pa.us/dsweb/Get/Document-83135/7000-BK-DEP4245.pdf>.

- Added language to clarify how applicants can apply for funding for renewable energy system expansions.
- Wind turbines will only be considered eligible for Green Energy Endowment Program funding if they are listed on the California Energy Commission Emerging Renewables Program's "List of Eligible Small Wind Turbines"
http://www.consumerenergycenter.org/cgi-bin/eligible_smallwind.cgi; the Small Wind Certification Council website <http://www.smallwindcertification.org/>; or other certification list as designated on the Green Energy Program website.
- Contractors or applicants must submit an estimation of the annual energy output of a proposed wind turbine system using the formula provided in section 4.4.3.2 of the proposed draft regulations.
- In order to ensure that only viable projects receive Green Energy Endowment Program funding, small wind grant payments will be issued in two installments. The Green Energy Program will provide 50 percent of the approved grant value to the applicant after the Green Energy Program Team approves the applicant's Part 2 Documents and the project is eligible for payment. The Green Energy Program will issue payment on the remaining 50 percent of the approved grant amount if the one year production data shows that the system achieved a minimum of 70 percent of its estimated annual energy output.
- Added clarifying language to the Participating Contractor requirements
- Added basic criteria for Participating Contractor Removal or Suspension. The Green Energy Program Team must have the ability to suspend or remove contractors from the program when companies do not abide by program rules or are delinquent. Contractors must also know the criteria for suspension. These provisions are similar to the Pennsylvania (PA) Sunshine Program. This will provide more regional program consistency. The following is a link to the source document:
<http://www.elibrary.dep.state.pa.us/dsweb/Get/Document-83135/7000-BK-DEP4245.pdf>

Section 5: Solar Energy Curriculum Program

- Added basic program criteria and requirements

Section 6: Technology Demonstration Program

- Streamlined application process and basic requirements. Specific application instructions and requirements will be published the on Green Energy Fund website when the program is reopened.

Section 7: Research and Development Program

- Streamlined application process and basic requirements. Specific application instructions and requirements will be published the on Green Energy Fund website when the program is reopened.